



Bonneville Power Administration

As of December 1, 2020

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This investor presentation contains statements which, to the extent they are not recitations of historical fact, may constitute “forward-looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe” and similar expressions are intended to identify forward-looking statements. A number of important factors affecting BPA’s business and financial results could cause actual results to differ materially from those stated in the forward-looking statements.

Bonds supported by BPA’s financial obligations and the obligations of BPA providing such support are not nor shall they be construed to be general obligations of the United States of America nor are such bonds or obligations intended to be or are they secured by the full faith and credit of the United States of America.

Port of Morrow: Transmission Facilities Revenue Bonds

Bonneville Cooperation Project No. 8, Series 2020-2 (Federally Taxable)	
Par Amount*	\$202,310,000
Structure*	Fixed-rate term bonds due September 1, 2041 and September 1, 2043
Interest Payment Dates*	Beginning March 1, 2021 and semiannually on September 1 and March 1 thereafter
Pricing Date*	Wednesday, December 9, 2020
Settlement Date*	Wednesday, December 16, 2020
Security	<p>The Series 2020-2 Bonds will be special obligations of the Port of Morrow, Oregon ("POM" or the "Issuer") payable solely from the trust estate pledged therefor which trust estate includes amounts derived from rental payments paid to the Issuer.</p> <p>Bonneville's payments under the Lease-Purchase Agreement will be made solely from the Bonneville Fund. The Lease-Purchase Agreement provides that Bonneville's obligation to pay the rental payments and all amounts payable under the Lease-Purchase Agreement is absolute and unconditional, and is payable without any set-off or counterclaim, regardless of whether or not the Project financed with the proceeds of the Series 2020-2 Bonds is operating or operable.</p>
Use of Funds	<p>The proceeds from the sale of the Series 2020-2 Bonds will be used by the Issuer to refinance indebtedness issued for the cost of acquiring, constructing, installing and equipping of certain transmission facilities owned by the Port of Morrow and leased to Bonneville. The Issuer financed such acquisition, construction, installation and equipping of transmission facilities through a note purchase agreement with Wells Fargo Bank N.A., and secured its obligations under such note purchase agreement with a Lease-Purchase Agreement by and between the Issuer, as lessor, and Bonneville, as lessee, and the payments from Bonneville thereunder.</p>
Optional Redemption**	Make Whole Call
Ratings	Moody's: Aa2 (Stable Outlook) Fitch: AA (Stable Outlook)
Tax Status***	Interest on the Series 2020-2 bonds is expected to be subject to Federal income tax and exempt from Oregon state income tax (Please refer to Preliminary Official Statement)
Syndicate	Wells Fargo Securities, BofA Securities, Citigroup, and TD Securities

*Preliminary, subject to change; when, as, and if issued; **To be determined at pricing. Additional call features exist; see The Series 2020-2 Bonds section in the Preliminary Official Statement.

***Upon issuance of the bonds, Bond Counsel is expected to deliver an opinion that interest on the bonds is not excluded from gross income for U.S. federal income tax purposes and is exempt from State of Oregon personal income taxes. The form of Bond Counsel opinion is available in the Preliminary Official Statement. Before purchasing bonds, you should consult with your tax advisor concerning your particular tax situation.

Investors should read the entire Preliminary Official Statement carefully before making an investment decision.



Columbia River Basin

- Diverse and expansive footprint of 300k square miles
- Federal dams in the Columbia River Basin contribute approximately 6,300 aMW of firm energy capacity to the region
- Storage in both Canada and the U.S. allows BPA to meet loads and increase reliability while still supporting multiple statutory purposes including:

Flood Control



Irrigation



Navigation



Recreation




BPA at a Glance

One Agency with Two Business Units	<ul style="list-style-type: none"> ■ Power Services and Transmission Services revenue was approximately \$3.7 billion in FY20 ■ BPA's customers primarily include utilities throughout the Pacific Northwest
Hydro-Based System	<ul style="list-style-type: none"> ■ Virtually carbon-free, BPA markets power from 31 federally-owned hydroelectric projects and several Non-Federal projects
Funding Sources	<ul style="list-style-type: none"> ■ Access to capital through Federal and Non-Federal sources ■ Revolving authority to borrow up to \$7.7 billion in bonds from the U.S. Treasury, \$2.1 billion available at 9/30/20
Cost Recovery	<ul style="list-style-type: none"> ■ BPA is required by law to establish rates to recover all costs ■ FERC reviews and approves rates to ensure that BPA rates recover all costs
Non-Federal Payment Priority and Financial Reserves	<ul style="list-style-type: none"> ■ Cash payments for Non-Federal debt are met before payments by BPA to the U.S. Treasury ■ BPA maintains substantial cash and short-term investment balances in addition to having access to a \$750 million U.S. Treasury line of credit
Credit Ratings	<div>Moody's: Aa2, stable outlook</div> <div>Fitch: AA, stable outlook</div>

COVID-19 Impacts

Operations	<ul style="list-style-type: none">■ To date, there have been <u>no significant operational or financial impacts</u> to BPA as a result of COVID-19■ BPA continues to <u>reliably deliver power</u> throughout the region
Loads	<ul style="list-style-type: none">■ Current power loads serviced by BPA <u>remain stable and comparable</u> to FY19 and FY20■ While commercial and industrial loads have declined, residential loads have increased
Customers	<ul style="list-style-type: none">■ While <u>utility customers are continuing to make timely payments</u> under their contracts, BPA is currently evaluating options to work with them in the event conditions change
Employees	<ul style="list-style-type: none">■ In response to COVID-19, BPA has activated its <u>Incident Management team</u>■ BPA is <u>proactively taking steps to protect its workforce</u> through social distancing, enabling remote working arrangements, and performing pre-shift health checks for essential staff■ BPA continues to actively monitor and take action in response to this pandemic under its continuity of operations plan



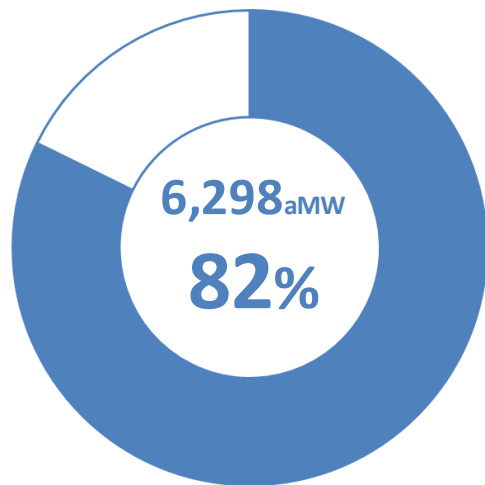
BPA markets power from 31 federally owned hydro projects and several non-federal projects

This system provides stability, flexibility, and reliability with limited fuel risk

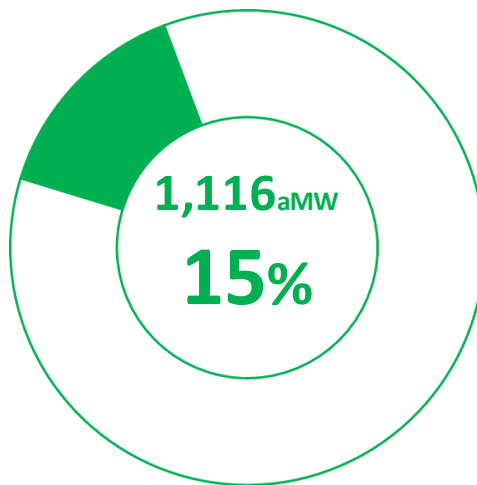
Virtually Emission-Free Assured Fuel Supply

97% of BPA's firm power is carbon emission-free

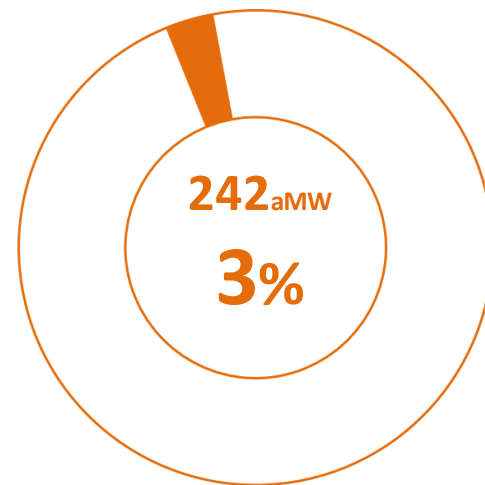
**Carbon Emission-Free
Federal Hydroelectric**



**Carbon Emission-Free Nuclear
Columbia Generating Station**



**Contract Purchases and Other
Resources**



An aerial photograph of the Bonneville Dam, a large concrete structure spanning a wide river. The river flows from the background towards the foreground, where the dam is located. The water is a deep blue-green color. The surrounding landscape is lush with green trees and vegetation. In the background, there are rolling hills and mountains under a blue sky with scattered white clouds. The overall scene is a scenic view of a major hydroelectric power facility.

Power Business Unit

Markets about 28% of the electricity consumed in the region

Over 125 preference customers with long-term contracts

\$2.7 billion in revenue in FY20

Transmission Business Unit

Approximately 75% of the bulk transmission capacity in the region

15k circuit miles of high voltage lines

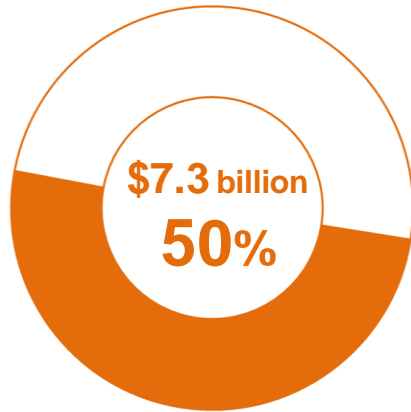
\$985m revenue in FY20

262 substations

Federal and Non-Federal Debt Outstanding

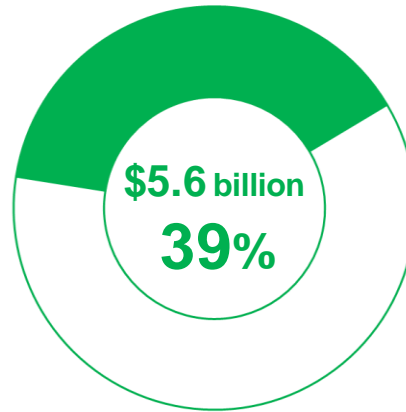
\$14.5 billion

Non-Federal Debt



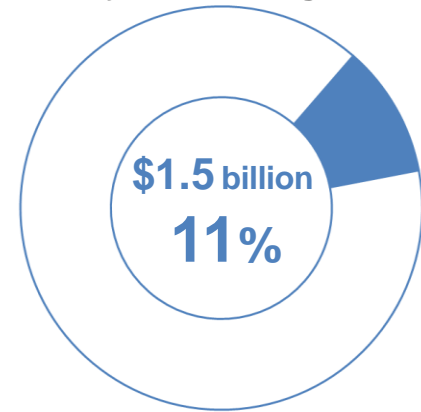
- Energy Northwest \$4.8 billion
- Lease-Purchase Program \$2.1 billion
- Prepaid Power Purchases \$0.2 billion
- Non-Federal Facilities \$0.2 billion

Borrowings from U.S. Treasury



- BPA is authorized to have up to \$7.7 billion in bonds outstanding at any one time with the U.S. Treasury

Federal Appropriation Repayment Obligations



- BPA repays amounts that have been appropriated by Congress to construct the Federal System

BPA evaluates current and forecast leverage ratios to determine if any rate action needs to be taken to maintain the 75-85% leverage target through FY28 with a long-term target of 60-70%

Priority of Payments

- By statute, payments and monetary credits to Non-Federal entities are always met prior to BPA's payments to the U.S. Treasury
- All BPA funds, including revenues generated from Power and Transmission, are available to meet Non-Federal costs

FIRST Payments/Credits other than to the U.S. Treasury

- Non-Federal debt (including BPA-supported bonds issued by Port of Morrow, Energy Northwest, and the Idaho Energy Resources Authority)
- BPA O&M expenses
- Other

(No priority implied among Non-Federal payments)

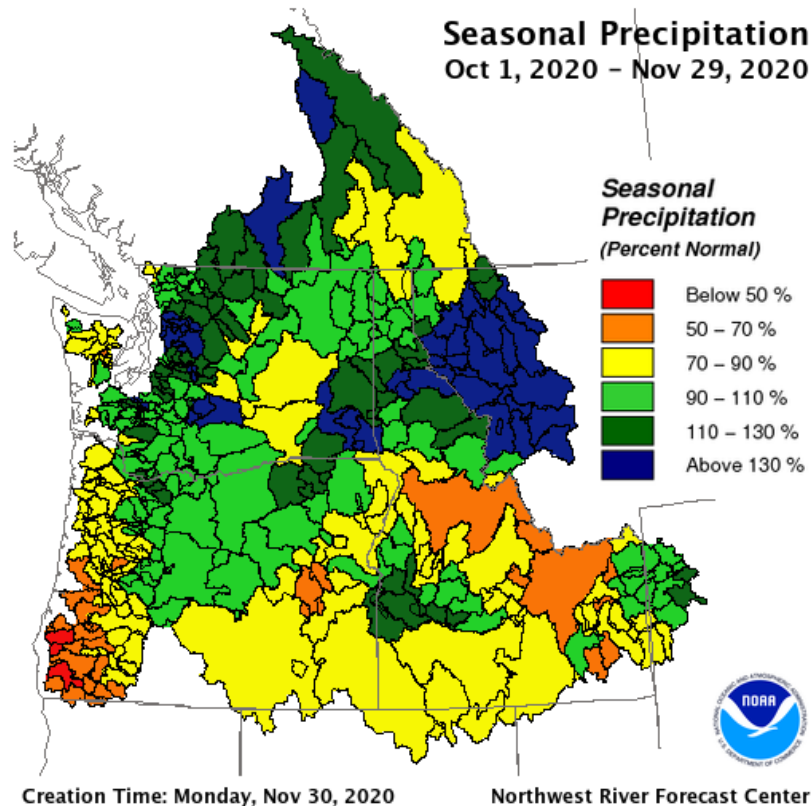
SECOND U.S. Treasury Payments

- Principal and interest on bonds, as well as the line of credit, with the U.S. Treasury
- Principal and interest to repay federal appropriations that funded capital investments in the Federal System
- Other

Additional Assurance of Payment

- Overnight access to a \$750 million line of credit with the U.S. Treasury
- Conduct a rate case every two years structured to provide a 95% probability of making the U.S. Treasury payment
- Provisions to increase rate levels, without undertaking a formal rate process, if Reserves Available for Risk (RAR) fall below established thresholds

Seasonal Surplus (Secondary) Sales

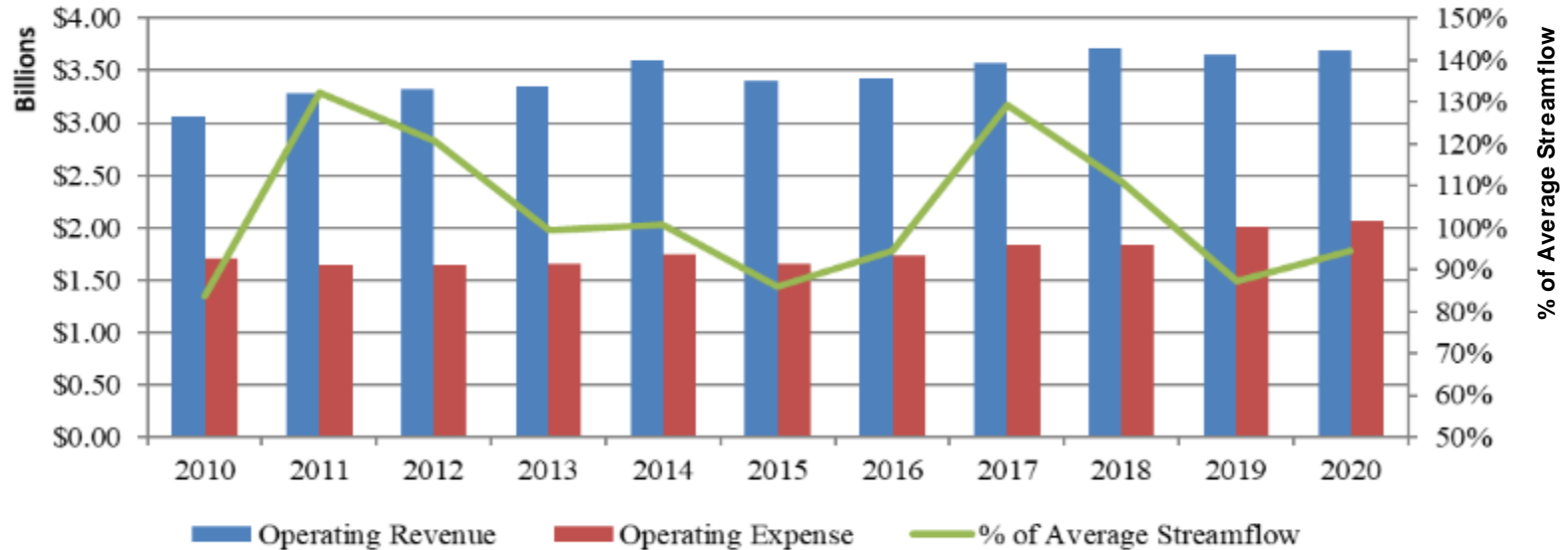


- The amount of energy produced by the hydroelectric system above firm energy
- Under *average* water conditions this amount is estimated to be 1,405 aMW (Operating Year 2022)
- Expected sales of seasonal surplus (secondary) energy is an important part of BPA's ratemaking and risk mitigation
- Revenue from seasonal surplus was approximately 12% of BPA's total revenues of \$3.7 billion (FY20)

Revenues & Expenses

More Stable than Streamflow

- The relationship of operating revenues to operating expenses has been stable when compared to wide variances in stream-flows and hydro-generation
- Sales of firm energy and transmission services contribute to the operating revenue stability

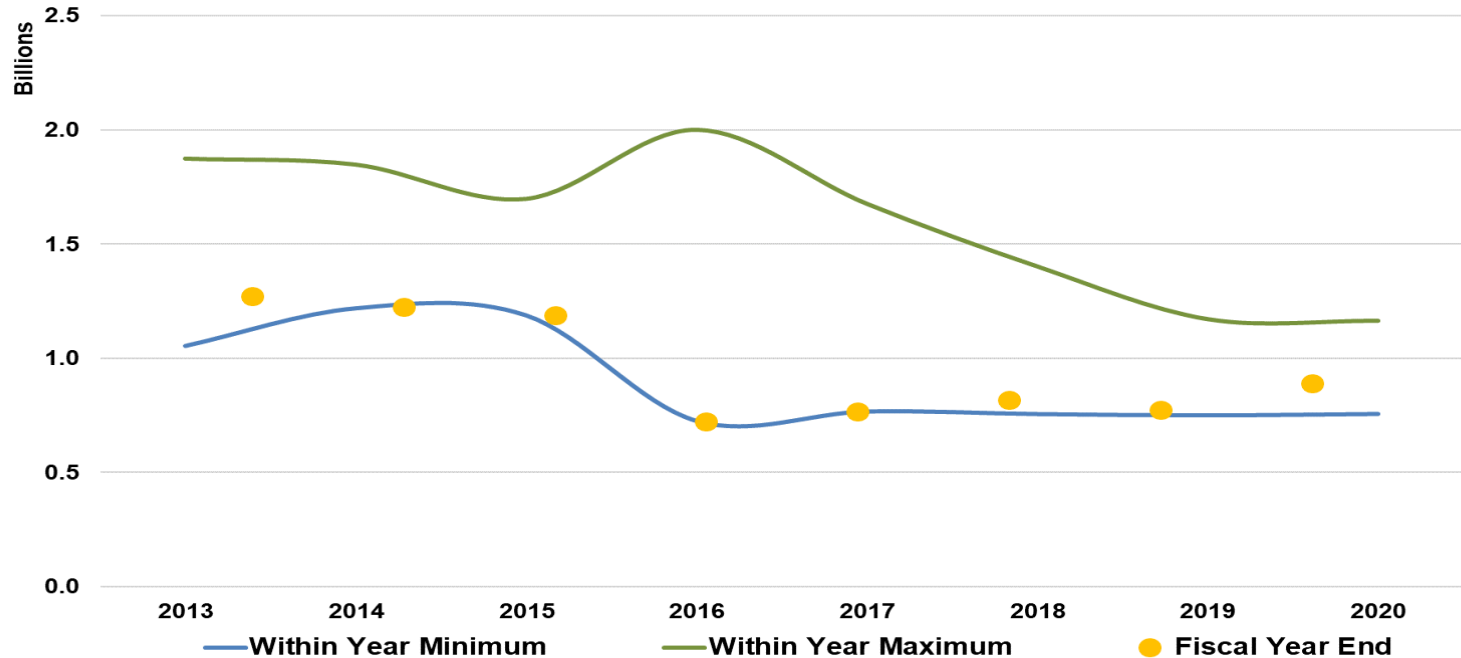


Streamflow data are based on the Operating Year (Aug 1 – July 30) and the financial information is based on the Fiscal Year (Oct 1 – Sept 30)

Investors should read the entire Preliminary Official Statement carefully before making an investment decision.

Financial Reserves

- BPA's total financial reserves fluctuate throughout the year. The balance is historically at the lowest point after the annual year-end U.S. Treasury payment.



Cash, investments, and deferred borrowing (capital expenditures eligible to be funded with borrowing, but funds not yet borrowed)

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Financial Reserves

- BPA defers borrowing for capital construction until the cash is needed. To delay long-term borrowing, BPA maintains a \$750 million line of credit with the U.S. Treasury. There was no outstanding balance at 9/30/20.

Year-End Reserves (\$millions)				
Fiscal Year	Total Financial Reserves	Reserves Available for Risk (RAR)	U.S. Treasury Line of Credit	Days Liquidity on Hand
2016	724	602	750	281
2017	766	568	750	258
2018	840	551	750	254
2019	773	484	750	222
2020	889	708	750	295

Days Liquidity on Hand = (RAR + Available U.S. Treasury Line of Credit)/(Operating Expenses/360)

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Non-Federal Debt Service Coverage¹

(\$millions excluding ratios)	FY2020	FY2019	FY2018
Total Operating Revenues	3,684	3,656	3,710
Total Operating Expenses ²	1,778	2,003	1,840
Funds Available to meet Non-Federal Debt Service	1,906	1,653	1,870
Non-Federal Debt Service	462	338	359
Non-Federal Debt Service Coverage Ratio	4.1x	4.9x	5.2x

- Non-Federal Debt management actions, such as the Regional Cooperation Debt program, have continued to result in higher than historical Non-Federal Debt Service Coverage results.

¹ This information is presented in Official Statements for BPA-backed, Non-Federal Debt bond issuances however, BPA's audited financial statements do not include a similar table

² Operating Expenses include the following items from the Federal System Statement of Revenues and Expenses: BPA O&M, Purchased Power, Book-outs, Non-Federal entities O&M-net billed, Non-Federal entities O&M non-net-billed, and the Residential Exchange Program. Operating Expenses do not include certain payments to the Corps and Redamation

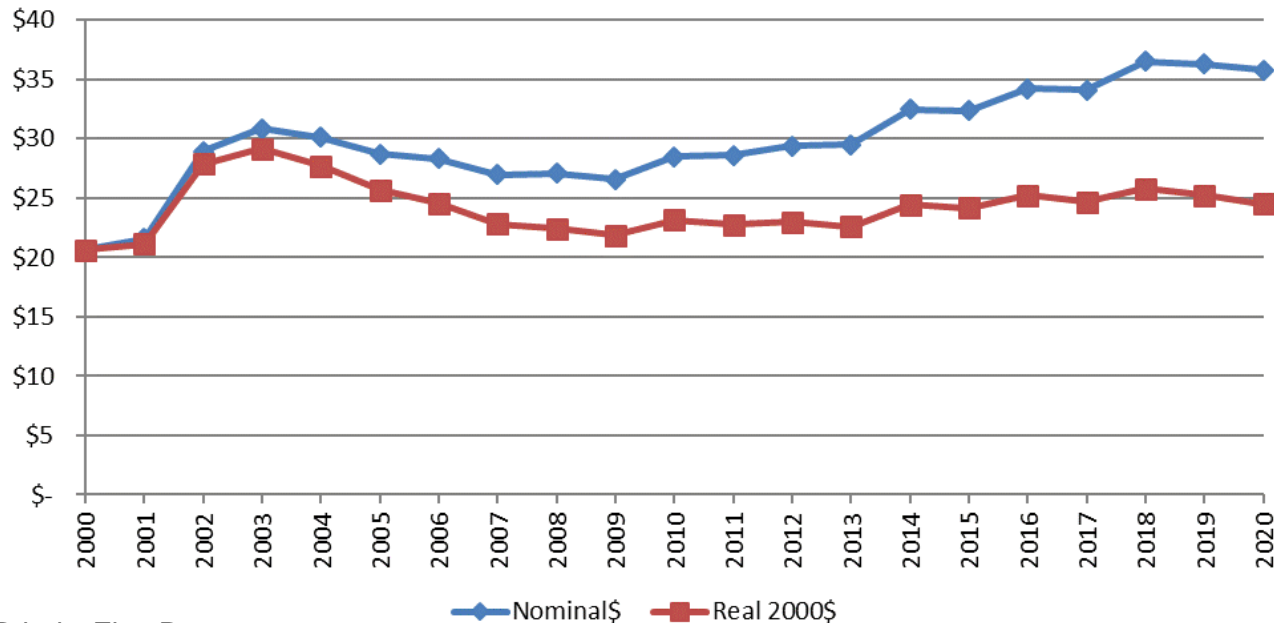
Statutory Guidance

- By law:
 - BPA must establish rates that recover all of its costs
 - BPA must defer its U.S. Treasury payments if required to meet Non-Federal obligations
- FERC reviews and approves BPA's rates to ensure they are sufficient to recover all costs
- Option to initiate an expedited rate case to propose increased rates

Historical Average PF Preference Rates

Nominal (Actual) and Real (Inflation-Adjusted) Average PF Preference Rate Levels
Per Megawatt Hour, FY00 – FY20

- Power rates have remained relatively stable, especially on an inflation-adjusted basis



PF = Priority Firm Power



Vegetation Management and Fire Prevention Program

Goals

- System reliability
- Wildfire risk mitigation

Methods

- Annual ground patrols
- Semi-annual air patrols

Results

- Award winning program
- Compliant with NERC rules
- Successful WECC audits

FY20 Wildfire Update

- Hot, dry weather conditions in the Pacific Northwest combined with unprecedented high winds including gusts up to 70 mph led to wildfires across the region
- Bonneville field crews assessed, monitored and worked with dispatch to de-energize and re-energize lines in response to the needs of customers and fire fighters
- Bonneville has not and does not expect any material impact to:
 - Net revenues
 - Asset replacement or vegetation management
 - Delivery of power to customers

Non-Federal Debt – Transmission Issuers



- Oregon port district
- Authorized to finance transmission projects with publicly issued bonds and credit arrangements secured by BPA lease-purchase commitments
- As of 9/30/20, \$1.2 billion in outstanding BPA-supported bonds and \$400 million in outstanding lines of credit, \$200 million of which will be refunded with the proceeds of the POM 2020-2 bonds



- Energy-related financing authority created by Idaho legislation
- Authorized to finance transmission projects with publicly issued bonds and credit arrangements secured by BPA lease-purchase commitments
- As of 9/30/20, \$201 million in outstanding BPA-supported bonds and \$181 million in outstanding lines of credit

Non-Federal Debt – Energy Northwest

- Washington State Joint Operating Agency
- Owns and operates Columbia Generating Station (CGS)
- \$4.8 billion in BPA-supported obligations outstanding
 - \$4.1 billion in tax-exempt bonds
 - \$634 million in taxable bonds
 - \$108 million drawn on lines of credit (includes \$98m drawn 12/1/20)
- Continuing collaboration with Energy Northwest
 - Obligations are fully supported by BPA under existing net billing agreements
- Up to \$3.5 billion in tax-exempt bonds anticipated to be issued in the next 10 years

Upcoming BPA-Supported Transactions

Spring 2021

- Energy Northwest anticipates issuing approx. \$750 million in taxable/tax-exempt bonds
- Includes approximately \$330 million under the Regional Cooperation Debt Phase 2 program

Summer 2021

- Bonneville expects to work with a third party to issue approximately \$300 million in taxable bonds to support our Transmission Lease Financing program

Port of Morrow Series 2020-2 Summary and Schedule

Bonneville Cooperation Project No. 8, Series 2020-2 (Federally Taxable)

Par Amount*	\$202,310,000
Interest Payment Dates*	Beginning March 1, 2021 and semiannually on September 1 and March 1 thereafter
Pricing Date*	December 9, 2020
Settlement Date*	December 16, 2020
Maturities*	September 1, 2041 and September 1, 2043
Optional Redemption**	Make Whole Call
Ratings	Moody's: Aa2 (Stable Outlook) Fitch: AA (Stable Outlook)
Syndicate	Wells Fargo Securities, BofA Securities, Citigroup, TD Securities

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**To be determined at pricing. Additional call features exist; see The Series 2020-2 Bonds section in the Preliminary Official Statement

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